



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
BELL COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

**EDWARD B. HATCHETT, JR.  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BELL COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

The Auditor of Public Accounts has completed the Bell County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fund balances decreased by \$272,203 from the prior fiscal year, resulting in a cash surplus of \$1,766,243 as of June 30, 2000. Revenues increased by \$50,022 from the prior year and disbursements increased by \$263,634.

#### **Debt Obligations:**

Capital lease principal agreements totaled \$1,153,000 as of June 30, 2000. Future principal and interest payments of \$1,421,559 are needed to meet these obligations.

#### **Report Comments:**

- The Fiscal Court Should Adopt An Administrative Code
- The County Should Include All Funds In The County's Financial Statements And County's Budget

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT .....	1
BELL COUNTY OFFICIALS .....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS .....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES .....	12
NOTES TO FINANCIAL STATEMENTS .....	16
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE .....	25
SCHEDULE OF OPERATING REVENUE .....	29
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES .....	33
SCHEDULE OF UNBUDGETED EXPENDITURES .....	37
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	41
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	50
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	54
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	55
SUMMARY OF PRIOR AUDIT FINDINGS.....	58
APPENDIX A - Certification of Compliance - Local Government Economic Assistance And Development Programs	





## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor  
Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Jennifer Jones, Bell County Judge/Executive  
Members of the Bell County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Bell County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Bell County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Bell County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Bell County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 2000, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Kevin Flanery, Secretary  
Finance and Administration Cabinet  
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Members of the Bell County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2001 on our consideration of Bell County, Kentucky's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following areas of noncompliance:

- The Fiscal Court Should Adopt An Administrative Code
- The County Should Include All Funds In The County's Financial Statements And County's Budget

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
March 27, 2001



BELL COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

**Fiscal Court Members:**

Jennifer Jones	County Judge/Executive
Arthur Blevins	Magistrate
John D. Brock	Magistrate
David E. Gilbert	Magistrate
William Kelley	Magistrate
Andy Williams	Magistrate

**Other Elected Officials:**

John Golden	County Attorney
James J. Hoskins	Jailer
Joan Asher Cawood	County Clerk
Charles Green	Circuit Court Clerk
Harold Harbin	Sheriff
Geraldine Jeffers	Property Valuation Administrator
Clyde Creech	Coroner

**Appointed Personnel:**

Brenda Walters	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS



BELL COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:			
Cash	\$	920,175	
Road and Bridge Fund:			
Cash		340,633	
Jail Fund:			
Cash		147,087	
Local Government Economic Assistance Fund:			
Cash		171,330	
Payroll Revolving Account - Cash		837	
Health Insurance Revolving Account - Cash		<u>272</u>	\$ 1,580,334

Special Revenue Fund Type

Ambulance Service Fund:			
Cash	\$	58,282	
Insurance Premium Fund:			
Cash		<u>3</u>	58,285

Capital Projects Fund Type

Hutch Brownies Creek Waterline Fund:			
Cash	\$	11,333	
Public Properties Corporation Judicial Building Project Fund:			
Cash		<u>117,400</u>	<u>128,733</u>
Total Assets			\$ 1,767,352

Other Resources

General Fund Type

Amounts to be Provided in Future Years for Waterline Principal Lease Obligations (Note 5a)	\$	121,000
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The accompanying notes are an integral part of the financial statements.

BELL COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2000  
 (Continued)

Assets and Other Resources (Continued)

Other Resources (Continued)

General Fund Type (Continued)

General Fund (Continued):

Amounts to be Provided in Future Years for Waterline Principal Lease Obligations (Note 5b)	\$	68,000	
Amounts to be Provided in Future Years for Waterline Principal Lease Obligations (Note 5c)		65,000	
Amounts to be Provided in Future Years for Waterline Principal Lease Obligations (Note 5d)		<u>399,000</u>	\$ 653,000

Capital Projects Fund Type

Courthouse Annex Fund:

Amounts to be Provided in Future Years for Courthouse Annex Principal Lease Obligations (Note 6a)	\$	200,000	
Amounts to be Provided in Future Years for Courthouse Annex Principal Lease Obligations (Note 6b)		<u>300,000</u>	<u>500,000</u>

Total Assets and Other Resources			<u><u>\$ 2,920,352</u></u>
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Liabilities and Fund Balances

Liabilities

General Fund Type

General Fund:

Capital Lease Obligation (Note 5a)	\$	121,000	
Capital Lease Obligation (Note 5b)		68,000	
Capital Lease Obligation (Note 5c)		65,000	
Capital Lease Obligation (Note 5d)		399,000	
Payroll Revolving Account - Cash		837	
Health Insurance Revolving Account - Cash		<u>272</u>	\$ 654,109

The accompanying notes are an integral part of the financial statements.

BELL COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
June 30, 2000  
(Continued)

Liabilities and Fund Balances (Continued)

Liabilities (Continued)

Capital Projects Fund Type

Courthouse Annex Fund:

Capital Lease Obligation (Note 6a) \$ 200,000

Capital Lease Obligation (Note 6b) 300,000

Public Properties Corporation Judicial

Building Project Fund:

Good Faith Deposit Advance 117,400 \$ 617,400

Fund Balances

Reserved:

Capital Projects Fund Type

Hutch Brownies Creek Waterline Fund 11,333

Unreserved:

General Fund Type

General Fund \$ 920,175

Road and Bridge Fund 340,633

Jail Fund 147,087

Local Government Economic Assistance Fund 171,330 1,579,225

Special Revenue Fund Type

Ambulance Service Fund \$ 58,282

Insurance Premium Fund 3 58,285

Total Liabilities and Fund Balances \$ 2,920,352

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BELL COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 6,102,275	\$ 1,749,201	\$ 860,376	\$ 365,798
Transfers In	441,626	4,140		350,000
Good Faith Deposit	117,400			
Total Cash Receipts	<u>\$ 6,661,301</u>	<u>\$ 1,753,341</u>	<u>\$ 860,376</u>	<u>\$ 715,798</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 6,215,248	\$ 1,758,920	\$ 911,684	\$ 643,428
Schedule of Unbudgeted Expenditures	229,630			
Transfers Out	441,626	35,000		
Lease Principal Payments	47,000	47,000		
Total Cash Disbursements	<u>\$ 6,933,504</u>	<u>\$ 1,840,920</u>	<u>\$ 911,684</u>	<u>\$ 643,428</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (272,203)	\$ (87,579)	\$ (51,308)	\$ 72,370
Cash Balance - July 1, 1999	<u>\$ 2,038,446</u>	<u>\$ 1,007,754</u>	<u>\$ 391,941</u>	<u>\$ 74,717</u>
Cash Balance - June 30, 2000	<u>\$ 1,766,243</u>	<u>\$ 920,175</u>	<u>\$ 340,633</u>	<u>\$ 147,087</u>

The accompanying notes are an integral part of the financial statements.

BELL COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
Fiscal Year Ended June 30, 2000  
(Continued)

General Fund Types		Special Revenue Fund Types		
Local Government Economic Assistance Fund	Ambulance Service Fund	Insurance Premium Tax Fund	Abandoned Mine Land Left Fork Water Project Fund	Abandoned Mine Land Laurel Fork Water Project Fund
\$ 570,722	\$ 304,287 87,486	\$ 349,946	\$ 193,363	\$ 855,812
<u>\$ 570,722</u>	<u>\$ 391,773</u>	<u>\$ 349,946</u>	<u>\$ 193,363</u>	<u>\$ 855,812</u>
\$ 234,745	\$ 509,580	\$ 262,459	\$ 189,223	\$ 855,812
315,000		87,486	4,140	
<u>\$ 549,745</u>	<u>\$ 509,580</u>	<u>\$ 349,945</u>	<u>\$ 193,363</u>	<u>\$ 855,812</u>
\$ 20,977	\$ (117,807)	\$ 1	\$	\$
<u>\$ 150,353</u>	<u>\$ 176,089</u>	<u>\$ 2</u>	<u>\$</u>	<u>\$</u>
<u>\$ 171,330</u>	<u>\$ 58,282</u>	<u>\$ 3</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

BELL COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
Fiscal Year Ended June 30, 2000  
(Continued)

	<u>Special Revenue Fund Types</u>		<u>Capital Projects Fund Types</u>	
	Local Law Enforcement Grant Fund	Local Economic Development Fund	Hutch Brownies Creek Waterline Fund	Courthouse Annex Project Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 5	\$ 829,841	\$ 729	\$ 5,151
Transfers In				
Good Faith Deposit				
Total Cash Receipts	<u>\$ 5</u>	<u>\$ 829,841</u>	<u>\$ 729</u>	<u>\$ 5,151</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,512	\$ 829,841	\$	\$
Schedule of Unbudgeted Expenditures			13,563	216,067
Transfers Out				
Lease Principal Payments				
Total Cash Disbursements	<u>\$ 2,512</u>	<u>\$ 829,841</u>	<u>\$ 13,563</u>	<u>\$ 216,067</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (2,507)	\$	\$ (12,834)	\$ (210,916)
Cash Balance - July 1, 1999	<u>\$ 2,507</u>	<u>\$</u>	<u>\$ 24,167</u>	<u>\$ 210,916</u>
Cash Balance - June 30, 2000	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 11,333</u></u>	<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statements.

BELL COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

Capital Projects <u>Fund Types</u>	Debt Service <u>Fund Types</u>
Public	
Properties	Cumberland
Corporation:	Gap
Judicial	Provisions
Building	Revolving
<u>Project Fund</u>	<u>Loan Fund</u>
\$	\$ 17,044
<u>117,400</u>	
<u>\$ 117,400</u>	<u>\$ 17,044</u>
\$	\$ 17,044
<u>\$ 0</u>	<u>\$ 17,044</u>
\$ 117,400	\$
<u>\$</u>	<u>\$</u>
<u>\$ 117,400</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

BELL COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Bell County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Bell County Public Properties Corporation as part of the reporting entity.

Additional - Bell County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Bell County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Bell County Fiscal Court's Fund Types, a definition of each and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Bell County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and Local Government Economic Assistance Fund (LGEA).

BELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Ambulance Service Fund, Insurance Premium Tax Fund, Abandoned Mine Land Left Fork Water Project Fund, Abandoned Mine Land Laurel Fork Water Project Fund, Local Law Enforcement Grant Fund, Local Economic Development Fund and the Federal Grants Fund are reported as Special Revenue Fund Types.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Cumberland Gap Provisions Revolving Loan Fund.

4) Capital Projects Fund Type

Capital Project Funds Type accounts for financial resources to be used for acquisition of major capital facilities. The Hutch Brownies Creek Waterline Fund, Courthouse Annex Project Fund and the Public Properties Corporation Judicial Building Project Fund of the Fiscal Court are reported as Capital Projects Fund Types. We have classified the Public Properties Corporation Judicial Building Project as a Capital Projects Fund Type since it relates to the construction of a new judicial building. After the construction of the facility is completed, this fund will be reclassified to the Debt Service Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Bell County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

BELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget (Continued)

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Bell County Fiscal Court: Pineville Water System, Aqua/KWS - Middlesboro Water System and the Frakes Water System.

Note 2. Employee Retirement System

The county has elected to participate in the County Employee's Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report.



BELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Operating Leases

Description	Purchase Date	Maturity Date	Interest Rate	Amount
Computer	August 1998	July 2000	Variable	\$ 21,905
Ambulance	December 1999	September 2004	Variable	\$ 50,052

Note 5. Waterline Capital Lease Agreements

The county has entered into four capital lease agreements with the Kentucky Association of Counties Leasing Trust Program for the construction of various waterlines. The following is a description of the terms of each lease agreement:

- a) The County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program for the construction of waterlines in October 1993. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2000, the principal balance remaining was \$121,000. Future lease payments are as follows:

Date Due	Fees and Interest	Principal
June 30, 2001	\$ 6,498	\$ 7,000
June 30, 2002	6,113	7,000
June 30, 2003	5,705	8,000
June 30, 2004	5,265	8,000
June 30, 2005	4,825	8,000
Amount Thereafter	19,569	83,000
Total	\$ 47,975	\$ 121,000

BELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 5. Waterline Capital Lease Agreements (Continued)

- b) The County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program for the construction of waterlines in May 1995. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2000, the principal balance remaining was \$68,000. Future lease payments are as follows:

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2001	\$ 4,133	\$ 10,000
June 30, 2002	3,485	10,000
June 30, 2003	2,811	11,000
June 30, 2004	2,072	12,000
June 30, 2005	1,295	12,000
Amount Thereafter	491	13,000
Total	<u>\$ 14,287</u>	<u>\$ 68,000</u>

- c) The County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program for the construction of waterlines in September 1995. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2000, the principal balance remaining was \$65,000. Future lease payments are as follows:

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2001	\$ 3,968	\$ 3,000
June 30, 2002	3,781	3,000
June 30, 2003	3,594	3,000
June 30, 2004	3,382	4,000
June 30, 2005	3,133	4,000
Amount Thereafter	16,438	48,000
Total	<u>\$ 34,296</u>	<u>\$ 65,000</u>

- d) The County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program for the construction of waterlines in March 1998. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2000, the principal balance remaining was \$399,000. Future lease payments are as follows:

BELL COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 5.d) Waterline Capital Lease Agreements (Continued)

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2001	\$ 21,038	\$ 29,000
June 30, 2002	19,438	30,000
June 30, 2003	17,784	31,000
June 30, 2004	16,054	33,000
June 30, 2005	14,214	35,000
Amount Thereafter	<u>41,953</u>	<u>241,000</u>
Total	<u>\$ 130,481</u>	<u>\$ 399,000</u>

Note 6. Courthouse Annex Capital Lease

The county has entered into two capital lease agreements with the Kentucky Area Development District Financing Trust Program for interim financing for the Bell County Courthouse Annex Project. The following is a description of the terms of each lease agreement:

- a) The County entered into a capital lease agreement with the Kentucky Area Development District Financing Trust Program for interim financing for the Bell County Courthouse Annex Project on March 24, 1999. Terms of the agreement stipulate a three-year repayment schedule, with semi-annual interest payments and one principal payment. As of June 30, 2000, the principal balance remaining was \$200,000. Future lease payments are as follows:

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2001	\$ 10,160	\$
June 30, 2002	<u>5,080</u>	<u>200,000</u>
Total	<u>\$ 15,240</u>	<u>\$ 200,000</u>

- b) The County entered into a capital lease agreement with the Kentucky Area Development District Financing Trust Program for interim financing for the Bell County Courthouse Annex Project. Terms of the agreement stipulate a three-year repayment schedule, with semi-annual interest payments and one principal payment. As of June 30, 2000, the principal balance remaining was \$300,000. Future lease payments are as follows:

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2001	\$ 13,140	\$
June 30, 2002	<u>13,140</u>	<u>300,000</u>
Total	<u>\$ 26,280</u>	<u>\$ 300,000</u>

BELL COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2000  
 (Continued)

Note 7. Good Faith Deposit Advance Liability

On June 29, 2000, a good faith deposit in the amount of \$117,400 was made for the Farmer Helton Judicial Building Project. This deposit is an advancement made by Ross, Sinclair and Associates, the county's program administrator for bonds issued to finance the project. The County is responsible for repaying the advancement from the proceeds of bonds issued on July 25, 2000.

Note 8. Commitments and Contingencies

In August 1999, Bell County received a Single-County Local Government Economic Development Fund Grant in the amount of \$800,000, which was assigned to the Bell County Industrial Foundation for disbursement to the Cumberland Gap Provision Company in the form of an \$800,000 loan. This loan was for a period of ten (10) years at three percent (3%) interest. Monthly interest payments shall be due for the first three (3) years of the loan term. At the end of such three (3) year period, up to \$100,000 of the principal amount of the loan will be forgiven, such amount to be calculated based on the Company's degree of compliance with the terms of the jobs requirement, and the remaining balance shall be amortized at an interest rate of three percent (3%) per annum over the remaining seven (7) years of the loan, to be repaid in equal consecutive monthly payments of principal and interest. Cumberland Gap Provision Company pays the note payments to the Bell County Industrial Development Foundation, which pays the payments over to the County, and the County pays the payments over to the Kentucky Economic Development Finance Authority. Upon default of the loan agreement, the Cumberland Gap Provision Company, The Bell County Industrial Foundation, and the Bell County Fiscal Court can be responsible for repayment to the Kentucky Economic Development Finance Authority. As of June 30, 2000, Cumberland Gap Provision Company was in substantial compliance with the terms of the loan agreement.

Principal Balance Due County at June 30, 2000	\$800,000
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Note 9. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable jail canteen operations.

The Bell County Jail Canteen Fund had a beginning balance of \$7,554, had income of \$12,658, less cost of goods sold of \$7,708, leaving an ending balance of \$12,504 as of June 30, 2000. All profit expenditures were for the benefit and/or recreation of the inmates.

Note 10. Subsequent Event

The Bell County Public Properties Corporation issued \$5,870,000 in Mortgage Revenue Bonds on July 1, 2000, to finance the Farmer Helton Judicial Building. Ross, Sinclair and Associates is the County's administrator for the bonds and Fifth Third Bank is the County's paying agent.

COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



BELL COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,494,609	\$ 1,749,201	\$ 254,592
Road and Bridge Fund	841,008	860,376	19,368
Jail Fund	660,281	365,798	(294,483)
Local Government Economic Assistance Fund	197,157	570,722	373,565
<u>Special Revenue Fund Type</u>			
Ambulance Service Fund	403,300	304,287	(99,013)
Insurance Premium Fund	300,000	349,946	49,946
Abandoned Mine Land Left Fork Water Project Fund	193,363	193,363	
Abandoned Mine Land Laurel Fork Water Project Fund	1,378,700	855,812	(522,888)
Local Law Enforcement Grant Fund		5	5
Local Economic Development Fund	2,000,000	829,841	(1,170,159)
Federal Grants Fund	154,000		(154,000)
<u>Debt Service Fund Type</u>			
Cumberland Gap Provisions Revolving Loan Fund	18,000	17,044	(956)
Totals	<u>\$ 7,640,418</u>	<u>\$ 6,096,395</u>	<u>\$ (1,544,023)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above		\$ 7,640,418	
Add: Budgeted Prior Year Surplus		1,164,554	
Less: Other Financing Uses		<u>(47,000)</u>	
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 8,757,972</u>	

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SCHEDULE OF OPERATING REVENUE



BELL COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

Revenue Categories	GOVERNMENTAL FUND TYPES				
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 1,356,560	\$ 1,006,890	\$ 349,670	\$	\$
In Lieu Tax Payments	11,712	11,712			
Excess Fees	60,000	60,000			
License and Permits	26,549	26,549			
Intergovernmental Revenues	4,121,459	2,238,783	1,882,676		
Charges for Services	294,836	13,644	280,348	844	
Miscellaneous Revenues	169,707	127,472	20,279	5,036	16,920
Interest Earned	61,452	61,047	281		124
Total Operating Revenue	<u>\$ 6,102,275</u>	<u>\$ 3,546,097</u>	<u>\$ 2,533,254</u>	<u>\$ 5,880</u>	<u>\$ 17,044</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



BELL COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,133,522	\$ 1,045,340	\$ 88,182
Protection to Persons and Property	786,613	732,481	54,132
General Health and Sanitation	180,454	72,641	107,813
Social Services	32,400	15,800	16,600
Recreation and Culture	62,478	60,974	1,504
Transportation Facilities and Services	47,000	49,432	(2,432)
Roads	998,354	834,930	163,424
Debt Service	60,270	53,464	6,806
Administration	830,917	683,715	147,202
Total Operating Budget - All General Fund Types	\$ 4,132,008	\$ 3,548,777	\$ 583,231
Other Financing Uses:			
Capital Lease Agreement-			
Principal on Lease			
Hances Creek Waterline	7,000	7,000	
Highway 92	9,000	9,000	
Little Clear Creek	3,000	3,000	
Hutch Brownies Creek	28,000	28,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 4,179,008</u>	<u>\$ 3,595,777</u>	<u>\$ 583,231</u>

BELL COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

SPECIAL REVENUE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 2,000,000	\$ 829,841	\$ 1,170,159
Protection to Persons and Property	763,917	675,601	88,316
General Health and Sanitation	1,726,063	1,045,035	681,028
Debt Service	11,000	10,006	994
Administration	106,984	88,944	18,040
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 4,607,964</u>	<u>\$ 2,649,427</u>	<u>\$ 1,958,537</u>
DEBT SERVICE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Debt Service	<u>\$ 18,000</u>	<u>\$ 17,044</u>	<u>\$ 956</u>



SCHEDULE OF UNBUDGETED EXPENDITURES



BELL COUNTY  
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

<u>Expenditure Items</u>	<u>Hutch Brownies Creek Waterline Fund</u>	<u>Courthouse Annex Project Fund</u>
Construction	\$ 13,526	\$ 33,825
Engineering		148,234
Other Professional		1,350
Miscellaneous	37	9,358
Debt Service		23,300
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Totals	<u>\$ 13,563</u>	<u>\$ 216,067</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor  
Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Jennifer Jones, Bell County Judge/Executive  
Members of the Bell County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Bell County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated March 27, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bell County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs.

- The Fiscal Court Should Adopt An Administrative Code
- The County Should Include All Funds In The County's Financial Statements And County's Budget





Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bell County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Bell County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

- The Fiscal Court Should Adopt An Administrative Code
- The County Should Include All Funds In The County's Financial Statements And County's Budget

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider not adopting an administrative code and not including all funds in the county's financial statement and county's budget to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
March 27, 2001

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor  
Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Jennifer Jones, Bell County Judge/Executive  
Members of the Bell County Fiscal Court

Report On Compliance With Requirements  
Applicable To Each Major Program And Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Bell County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. Bell County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bell County's management. Our responsibility is to express an opinion on Bell County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bell County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bell County's compliance with those requirements.

In our opinion, Bell County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Report On Compliance With Requirements Applicable To Each Major Program  
And Internal Control Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance

The management of Bell County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bell County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
March 27, 2001

## FINDINGS AND QUESTIONED COSTS



BELL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2000

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Bell County.
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report. Two of the conditions are reported as a material weakness.
3. Two instances of noncompliance material to the financial statements of Bell County were disclosed during the audit.
4. No reportable condition disclosed during the audit of the major federal awards programs is reported in the Independent Auditor's Report. The auditor's report on compliance for the audit of the major federal awards programs for Bell County expresses an unqualified opinion.
5. No Audit findings relative to the major federal awards programs for Bell County are reported in Part C of this schedule.
6. The programs tested as major programs were Abandoned Mine Land Reclamation Program-Left Fork and Laurel Fork Waterline Construction Projects (CFDA # 15.252).
7. The threshold for distinguishing Type A and B programs was \$300,000.
8. Bell County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS AND NONCOMPLIANCES

**Reference Number 2000-1**

The Fiscal Court Should Adopt An Administrative Code

The fiscal court has not adopted a comprehensive administrative code. Under the provisions of KRS 68.005, the county is required to have an administrative code which includes, but is not limited to, procedures and designation of responsibility for:

- a) General administration of agencies, authorities, and the County Judge/Executive office;
- b) Administration of county fiscal affairs
- c) Personnel administration
- d) County purchasing and award of contracts; and
- e) Delivery of county services

We recommend the fiscal court comply with KRS 68.005 by adopting an administrative code.

*County Judge/Executive's Response:*

*The fiscal court has completed work on the administrative code and it is in the process of being copied for distribution to magistrates for vote. We hope to have it adopted by 6-30-01.*



BELL COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Fiscal Year Ended June 30, 2000  
 (Continued)

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

REPORTABLE CONDITIONS AND NONCOMPLIANCES (Continued)

**Reference Number 2000-2**

The County Should Include All Funds In The County's Financial Statements And County's Budget

The county did not include the financial transactions of the Hutch Brownies Creek Waterline Project Fund, the Courthouse Annex Project Fund, and the Public Properties Corporation: Judicial Building Project Fund as part of the budget or the quarterly financial statements. We found that the financial transactions relating to these projects were processed through a third bank trust department rather than the county's accounting system. We have adjusted the county's financial statement to include receipts and disbursements resulting from these projects. The State Local Finance Officer under the authority of KRS 68.210 requires that all revenue and expenditures be accounted for in accordance with the Uniform System of Accounts. According to the Uniform System of Accounts, all financial activity resulting from projects handled by third parties should be included as an addendum to the budget and quarterly financial statement. Therefore, we recommend that the Hutch Brownies Creek Waterline Project Fund, the Courthouse Annex Project Fund, and the Public Properties Corporation: Judicial Building Project Fund be included in the annual budget and quarterly financial statement.

*County Judge/Executive's Response:*

*These 3 projects will be included in the annual budget and quarterly financial statement.*

PRIOR YEAR FINDINGS FINANCIAL STATEMENT AUDIT

- The Fiscal Court Should Adopt An Administrative Code
- The Fiscal Court Should Include The Hutch/Brownies Creek Fund In Financial Statements and County Budget

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
 AUDIT

NONE.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



BELL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
<u>U. S. Department of the Interior</u>		
Passed-Through State Department of Natural Resources:		
Abandoned Mine Land Reclamation Programs		
Left Fork Water Project (CFDA #15.252)	Not Available	\$ 189,223
Laurel Fork Water Project (CFDA #15.252)	Not Available	855,812
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet:		
Local Law Enforcement Grant (CFDA #16.592 )	Not Available	2,512
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants- Coordinator Salary (CFDA #83.503)	Not Available	<u>5,452</u>
Total Cash Expenditures of Federal Awards		<u>\$ 1,052,999</u>

BELL COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis.

## SUMMARY OF PRIOR AUDIT FINDINGS



BELL COUNTY  
SUMMARY OF PRIOR AUDIT FINDINGS

Fiscal Year Ended June 30, 2000

U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY

1998 - FINDING NO. 1

*Condition:*

This finding was a reportable condition stating that the county did not comply with all of the terms of the grant agreement. Specifically, it came to our attention that seven trailers were purchased from the owners and subsequently returned to them at no cost. According to the grant program administrative handbook, the structure must be demolished, unless an alternative is included in the application's scope of work and approved by the State Hazard Mitigation Team and FEMA.

*Recommendation:*

The auditors recommended that all terms of the grant agreement be complied with. Furthermore, we recommended that amendments be obtained for any deviations from the terms of future grant agreements.

*Current Status:*

No similar findings were noted in 2000 audit. As of current date, FEMA has not responded to audit finding.



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CERTIFICATION OF COMPLIANCE –  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

BELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000




**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**  
**BELL COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

The Bell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes

  
\_\_\_\_\_  
Name  
County Judge/Executive

  
\_\_\_\_\_  
Name  
County Treasurer